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Memorandum

TO: BATA Oversight Committee

DATE: April 1, 2009

FR: Executive Director

W. I. 1254

RE: Contract – Financial Advisor: Public Financial Management, Inc.

Staff recommends that this Committee authorize a contract with Public Financial Management, Inc. (PFM) to provide financial advisory services to the Authority for five years through June 30, 2014, with two one-year options to extend.

With the financial advisory services contract due to expire in June 2009, staff initiated a national search to solicit financial advisory services. The recruitment was initiated in January and included advertising in the “Bondbuyer,” a national publication relating to tax exempt financing issues.

The Request for Qualifications (RFQ) contained a number of “minimum requirements” to assure BATA the broad range of expertise necessary to manage the current debt portfolio. These minimums included experience with transportation and toll financing, as well as swap and treasury management. These qualifications could be met by either a single firm or a team. BATA received four Statements of Qualifications, two of which were from local firms. The firms are: Public Financial Management, Inc, Sperry Capital, KNN Public Finance, and Swap Financial Group.

A panel, made up of three members of BATA’s senior banking team, BATA’s bond counsel and BATA finance staff, interviewed all four firms. Two firms submitted proposals to be comprehensive financial advisors to BATA while two firms applied to be advisors for future High Occupancy Toll (HOT) Lane development and congestion pricing issues. The consensus of the panel was that PFM represented the best combination of both subject and staffing experience to support the comprehensive BATA finance program.

Staff recommends that BATA continue to retain the services of PFM because of their overall experience and depth. PFM is the largest financial advisory firm in the nation with major offices in San Francisco and Southern California, and has been with BATA since 1998. Their experience in all aspects of the BATA enterprise, including transportation finance, financial planning and debt management, has been key to BATA maintaining its “AA” ratings for the past ten years.

PFM is generally paid out of the proceeds of future bond issues. Those fees are negotiated on each transaction and approved as part of the bond issuance authorization. PFM also performs other services such as swap and investment portfolio structures, or HOT Lane Network

Feasibility Analysis, not necessarily tied to a financing. For these additional services, staff recommends an annual retainer of \$250,000.

Recommendation

Staff recommends that the Committee authorize the Executive Director to negotiate and enter into a contract with Public Financial Management, Inc. to provide financial advisory services for a five-year period through June 30, 2014, with two one year options to extend in an amount not to exceed \$250,000 per year, subject to the approval of future BATA operating Budgets.



Steve Heminger

SH/BM/cj

REQUEST FOR COMMITTEE APPROVAL
Summary of Proposed Consultant Contract

Work Item No.:	1254
Vendor:	Public Financial Management, San Francisco, CA
Work Project Title:	Financial Advisor
Purpose of Project:	Provide financial advisory services to manage BATA's debt, investment and swap portfolios.
Brief Scope of Work:	Provide financial advisory services to manage BATA's debt, investment and swap portfolios
Project Cost Not to Exceed:	\$250,000 per year
Funding Source:	Bridge Toll Funding
Fiscal Impact:	Project costs for first year are consistent with funds programmed and budgeted in the BATA Budget, future years subject to inclusion of funds in adopted operating budgets.
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into a contract with Public Financial Management, Inc. to provide financial advisory services for a five year period, with two one-year options to extend, and the Chief Financial Officer is directed to set aside funds up to \$250,000 per year for such contract with future years subject to BATA's annual budget approval process.
BATA Oversight Chair:	<hr/> Bill Dodd
Approved:	Date: April 8, 2009